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20 October 1967

MEMORANDUM OF NEGOTIATION

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A. The undersigned visited [] the week of 18 September for the purpose of negotiating the procurement (1) management services for DRAGONLADY, (2) the purchase of 2 13C test carts and auxiliary equipment for DRAGONLADY, and (3) the purchase of a test cart and auxiliary equipment for the EARNING Program. The above three items are in support of the 13C System.

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B. Personnel attending were: [] Contract Administrator for [] Project Manager for [] and [] Contracting Officer.

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C. The test carts involved in the above procurement were identical to the test carts originally purchased for our programs under Contract No. SA-5303 with the exception that the above units required additional capabilities to handle the APR-27. Also, in prior discussions and agreements between the SPO and [] of Materiel, it was decided that the combination of 8 test carts would now be split: 4 for our programs; 2 for EARNING; and 2 for DRAGONLADY. Time sequence for delivery to be as follows:

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Items 1, 2, and 3 of Contract No. SA-5303 to be delivered to []

Items 4 and 5 of Contract No. SA-5303 to be delivered to satisfy the EARNING Program.

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Item 6 of Contract No. SA-5304, W/O No. 3 to be delivered to []

Item 7 of Contract No. SA-5304, W/O No. 3 and 8 of Contract No. SA-5304, W/O No. 4 to be delivered to satisfy DRAGONLADY requirements.

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D. Item (1) of Section A of this report, the Contractor's original proposal amounted to \$61,000 which included a coverage of only 9 months of field support. The EARNING Program required 12 man-months of field support, and a fee ^{SUBSEQUENT NEGOTIATIONS} ~~reduction~~ in dollars to an estimated \$60,000. The reduction came about because of Government-furnished travel to the overseas location vs. commercial and reducing the subsistence allowance while at the overseas location.

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In reference to Items (2) and (3) of A of this report, the Contractor originally proposed a Unit Price of \$82,692 on a fixed price basis. This was reduced in negotiation to \$81,783. Also during the course of negotiation, a review was made of the unit cost based on SA-5303 and also additional GFE'd test equipment, it was concluded that the additional increase in unit price under present proposals was reasonable due to (1) Customer now furnishing as part of this Contract what was GFE'd under SA-5303 and the additional capabilities of the handling the APR-27.

E. Total cost reduction amounted to \$2,727.

F. Item (1) is on a CPFF basis because of the unknowns to date with the actual requirements relative to the number of months to be spent CONUS and overseas. Items (2) and (3) have been negotiated on a firm fixed price basis.

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